law, the date of the passage of which is here involved, providing for a 10 per cent tax on all state bank notes, was approved March 3, 1865, to become effective July 1, 1866 (13 Statutes at Large, p. 484). Other cases of oversight are almost as costly, as on pages 224 and 151, respectively, where it is stated that the pound sterling contains about 11.3 grains and that the independent treasury system was established in 1864.

These slight defects seem to indicate merely that our author was hastening his steps to complete a work which, taken as a whole, is admirable indeed.

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Rural Credits. Land and Coöperative. By MYRON T. HERRICK and R. INGALLS. (New York: D. Appleton and Company. 1914. Pp. ix, 519. $2.00.)

Ambassador Herrick, as he tells us in the preface, has had a wide and varied experience in American political and business life, has been an important officer of a large savings institution, and has also had opportunities to study credit conditions abroad. We know that he has given much thought to the problem of rural credit and was one of the pioneer agitators for its reform. Hence this book naturally awakens a lively interest and encourages a hope that at last here is something really authoritative. The reviewer regrets the necessity of recording his opinion that disillusionment and disappointment await the reader.

The book is almost entirely lacking in analysis, and though containing some excellent descriptive writing it gives but little information that was not already easily available. There is much repetition, a great deal of extraneous matter concerning the coöperative movement in general, and, possibly owing to the fact that the book is the joint work of Mr. Herrick and Mr. Ingalls, many irreconcilable and conflicting statements.

The book is in two parts. The first deals with long-term credit and describes the long-term credit facilities in all the leading countries of the world. Particular attention is given to the discussion of the German *Landschaften*, the description of which is excellent. The second part deals with coöperative short-term credit but adds very little to the information already available. There is also a final chapter on Principles of Coöperative Credit and Their Application.

Strange as it may seem, the book contains no discussion of credit conditions in the United States. The statement is made (p. 5) that there are no means whatever for granting long-time loans; and on the assumption that only coöperative banks can furnish adequate short-term credit to agriculture, no mention whatever is made of the thousands of banks, the owners and patrons of which are chiefly farmers.

Just what Mr. Herrick's plan for the reform of long-term credit in the United States is, it is difficult to determine owing to irreconcilable statements. He says that debenture-bond-issuing institutions are so conservative in their loaning that farmers can not get adequate first mortgage credit and must look elsewhere for loans or resort to second mortgages, but he proposes the establishment of such institutions. He is opposed to state aid and the state guarantee of bonds, but asserts that if the bonds are to find a sale they must be guaranteed by the state. And he points out that amortisation has done little toward the reduction of debt and yet advocates amortisable loans.

In support of his proposal, Mr. Herrick sets forth as follows (p. 211) the advantages which land credit institutions afford to farmers in the leading countries of the world:

> The maximum time allowed for paying off loans for such purposes is 30 years in Finland, 33 years in Chile, 36½ years in New Zealand, 42 years in Australia, 50 years in Italy and Japan, 54½ years in Austria, 55½ years in Russia, 56½ years in Germany and Sweden, 57 years in Switzerland, 60 years in Denmark, 63 years in Hungary, 68½ years in Ireland, and 75 years in France. And the annual dues, including interest, cost of business, and the fraction of the principal required of the borrower for amortising the debt, form an annuity of only 3½ to 7 per cent of the principal of the loan. In other words, the farmer in the countries named is given at least one generation and in some cases more than two generations for paying back a loan, as against three to five years in the United States, while the annuity is smaller on the average than the interest rate alone in the southern and western states.

The briefest recital of facts, gleaned mainly from Mr. Herrick's own book, concerning the above-mentioned institutions will put the matter in a different light. (1) Finland: Money advanced by state at 4 per cent. (2) Chile: A specially privileged state bank and state guarantee of bonds, which has occasioned the state severe losses. (3) New Zealand: Capital furnished by state. (4) Australia (South): State bank with power to issue mortgage bonds which are guaranteed by state. (5) Italy: Debentures have ex-

cellent standing; very great conservatism in granting loans, which are almost exclusively to large farmers. (6) Japan: Banks subsidized by state. (7) Austria: Banks subsidized by state and bonds guaranteed by provinces. (8) Russia: Bank subsidized by state; collection of debts difficult; state has suffered severe losses. (9) Germany: *Landschaften* loan almost exclusively to large borrowers. "Their debentures circulate only within their respective provinces and represent mainly the loans which their early members obtained with the intention of leaving them as a permanent burden upon their estates" (p. 36). "The interest rates of the private institutions are very little higher than those of the *Landschaften* and public institutions" (p. 102). (10) Sweden: Landowners mortgage associations unable to float debentures; government came to rescue with a subsidized central bank. These associations make only one seventh of the mortgage loans and loan mainly to nobles and owners of large estates. (11) Switzerland (Canton of Vaud): Practically a state bank. (12) Denmark: Excellent provincial mortgage associations exempt from taxation and stamp tax; state guarantees bonds of banks loaning to small farmers. (13) Hungary: State-aided philanthropic institution; bonds have never been quoted at par. (14) Ireland: Loan funds furnished by state; constant complaint of too many restrictions.[1] (15) France: Crédit Foncier practically a monopoly; few agricultural loans, and these made principally to large farmers.

It should be added that practically all these institutions enjoy the right of immediate seizure in case of default on the part of the borrower; that they make loans so conservatively that probably none of them, except possibly those in Ireland, would accept such risks as are common in our southern and western states; and, finally, that only a small part of the mortgage loaning in these countries is done by these institutions.

And yet Mr. Herrick proposes, as the solution of the long-time credit problem in this country, the formation of district coöperative credit associations such as those of Prussia; and thinks that the farmers of Kansas would thereby be enabled to change their present mortgages into mortgages running from seventy-five to one hundred years and could readily dispose of their debentures at a rate of interest as favorable as that enjoyed by the state (p. 229).

[1] *Report of The Departmental Committee of Agricultural Credit in Ireland*, p. 3.

The solution of the problem of short-time credit Mr. Herrick finds in the formation of coöperative banks of the Raiffeisen type. "A rural credit society," he declares, "is the easiest kind of an association to form and operate" (p. 474). The glamour of things foreign must have cast a spell over the author; otherwise he would have discovered that Europeans have found such societies most difficult "to form and operate," as the leaders of the coöperative movement all testify.

As an example of successful coöperative banking in America, the work of the Jewish credit unions is cited; but although they are doing splendid work in their particular field, it is only by a wide stretch of the imagination that they can be regarded as banks. They have no deposits, but loan money furnished them by philanthropists at 2 per cent. The truth is, that there is no coöperative credit on the American continent which has any practical bearing on the agricultural credit problem of the United States.

It is regrettable that Mr. Herrick, with his valuable practical experience, did not see fit to consider the feasibility of creating, not credit banks, which by parallelling the activities of the thousands of farmers' banks throughout the country, would inevitably arouse their hostility, but rather credit associations to coöperate with these banks in furnishing credit to the less well-to-do farmers.

The minor mistakes which are almost inevitable in a book of this nature are singularly few in Mr. Herrick's book. There are, however, some serious errors, among which may be mentioned the statement (p. 4) that, "A score of years ago the mortgage debt in the United States was 35.5 per cent of the taxable value of the land." Of course this is absurd. The author must have had in mind the value of the *mortgaged* land, and the basis is not "taxable value" but the value reported in the census. The statement (p. 6) that the farm indebtedness of the United States exceeds $6,000,000,000 and bears an average rate of interest of 8.5 per cent is such an exaggerated guess that it shakes one's confidence in the author's scientific detachment. It is strange dictum (p. 293) that "unlimited liability . . . is harder on the poor than on the rich." Mr. Herrick himself states elsewhere that on the failure of the bank at Nieder-Modau, the one rich man in the society had to bear the entire brunt.[2]

[2] "Most of the members were poor, with assets ranging from $500 down to nothing. One, however, was worth $50,000 and he had to turn all of this fortune over to the creditors. His only hope of recovery lies in the notes

No references are cited; there are no footnotes, and the index is indifferent—defects which, in a book of this nature, seem to the reviewer inexcusable.

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The Currency Problem in China. By WEN PIN WEI. Columbia University Studies in History, Economics and Public Law, Vol. LIX, No. 3. (New York: Longmans, Green and Company. 1914. Pp. 156. $1.25.)

Mr. Wei's sketch of the monetary system of China and of the movement for reform is chiefly historical, with occasional comment of a critical sort.

The "problem" is, in large part, merely the set of difficulties common to monetary systems in an undeveloped economic society. There is a confusing multiplicity of coins and other instruments of exchange. Local authorities struggle to retain a right of coinage, even to the point of defying the central government. By both central and provincial governments the issue of money has been regarded as a means of procuring revenue, and issues have thus been excessive and debased. But China's exceptional position among nations has created abnormal conditions; foreign influence has not only necessitated a reorganization to bring China's money into harmony with that of other nations, but the policy of foreigners has also embarrassed the effort at reform.

For almost twenty years, since the war with Japan, schemes of reform, one after another, have been proposed and quietly dropped. Through the veil which divides nations, both Chinese and Europeans have seen darkly. On the one side Chinese officials have failed to understand and therefore to accept and employ the conceptions implied in the essentially foreign institution of coinage. Thus the great viceroy, Chang Chih Tung, reversing the error of our fiat money heresies, insisted even with reference to token coinage that the value of coin must always be that of its bullion content, so that an underweight subsidiary coin would be dishonest and sure to expel from use the standard coin.

Another obstacle lies in the well-grounded suspicion with which Chinese have regarded European solicitude for the economic improvement of China. The Chinese have refused to permit the control by foreign experts of the business of reforming the currency.

of equal amount which the court compelled the other members to execute in his favor" (p. 305).